

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 SP-02 AID-05 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 L-03 H-02 PA-01 PRS-01 AGR-05 EUR-12 GSA-01

INT-05 /104 W

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R 191555Z JUN 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 9890

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

C O N F I D E N T I A L BRASILIA 4962

E.O.11652: N/A

TAGS: EMIN, BR

SUBJECT: QUARTZ CRYSTAL

REF: BRASILIA 4701

1. SUMMARY: GOB IS BECOMING CONCERNED THAT OTHER SOURCES OF LASCA ARE BEING DEVELOPED WHICH COULD AFFECT ITS QUARTZ CRYSTAL EXPORT POLICY. END SUMMARY:

2. IN JUNE 12 CONVERSATION WITH MINERALS OFFICER RIO, CACEX CHIEF OF MINERALS EXPORTS, PAULO LACERDA, INDICATED THAT DEMAND FOR BRAZILIAN QUARTZ CRYSTAL WAS NOT AS GREAT AS EXPECTED SO FAR THIS YEAR, ALTHOUGH PRICES BEING OFFERED ARE ABOVE THE MINIMUM EXPORT PRICE LEVELS ESTABLISHED BY GOB. CONTRADICTING MINISTRY OF INDUSTRY AND COMMERCE ADVISOR, HECLITON SANTINI (REFTTEL), LACERDA SAID THAT ADDITIONAL SUB-QUOTAS WOULD BE ESTABLISHED FOR REMAINDER OF YEAR WITHIN 3,500 TON OVERALL LIMIT.

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3. LACERDA STATED FURTHER THAT, OUTSIDE OF ESTABLISHED

QUOTA, USSR HAS PURCHASED 64 TONS OF FIRST-GRADE LASCA AT \$6.50/KILO AND 266 TONS OF SECOND-GRADE AT \$4.00/KILO, AND THAT EAST GERMANY HAS PURCHASED 200 TONS OF FIRST-GRADE LASCA AT \$8.00/KILO. ASKED WHY GOB ALLOWED TRANSACTIONS OUTSIDE QUOTA, LACERDA REPLIED THAT SOVIETS SAID THEY WERE FACING TIGHT LASCA SUPPLY SITUATION (PREVIOUSLY THEY BOUGHT FROM US AND EUROPEAN DEALERS WHO NOW ARE UNABLE TO SUPPLY THEM), WHILE EAST GERMANY SPECIFIED LASCA AS ONE OF THE COMMODITIES IT WISHED TO ACQUIRE AS PART OF A \$3 MILLION PURCHASE PACKAGE OF BRAZILIAN PRODUCTS. LACERDA STATED THAT POLAND PURCHASED LASCA IN LATE 1974 AND PLACED ORDER FOR 300HTVVK3-RZIER THIS YEAR BUT, TO CACEX'S SURPRISE, LATER CANCELLED ORDER. (FYI: ACCORDING TO POLISH COMMERICAL COUNSELOR, HIS GOVERNMENT CONSIDERS BRAZIL'S LASCA PRICES EXHORBITANT AND IS IMPORTING FROM MADAGASCAR, ANGOLA, AND VENEZUELA. END FYI).

4. IN RESPONSE TO LACERDA'S QUERY AS TO WHETHER OTHER SOURCES OF QUARTZ CRYSTAL ARE NOW AVAILABLE, MINERALS OFFICER SAID SEVERAL LOCAL SOURCES CLAIM THAT ANGOLA IS SHIPPING LASCA AND THAT JAPANESE FIRM (WACOM CORP.) IS MINING 50 TONS/MONTH OF GOOD-QUALITY LASCA FROM DEPOSIT IN HOT SPRINGS, ARKANSAS AND PLANS TO STEP-UP OPERATION TO 80 TONS/MONTH SHORTLY. LACERDA ASKED IF BUREAU OF MINES COULD VERIFY THIS LATTER REPORT AND PROVIDE ALL AVAILABLE INFORMATION TO GOB ON HOT SPRINGS RESERVES, PRICES, QUALITY, ETC. HE ALSO REQUESTED INFORMATION ON EXPLOITATION OF NORTH CAROLINA QUARTZITE DEPOSITS BY INTERNATIONAL MINERALS COM.

5. LACERDA ALSO REQUESTED SOONEST A COPY OF 1974 GSA STOCKPILE REPORT TO THE CONGRESS.

6. LACERDA CONFIRMED THAT CACEX IS STUDYING A NEW EXPORT POLICY FOR BERYL. HE ALSO MENTIONED THAT CACEX IS CONSIDERING SEVERAL PROPOSALS THAT MIGHT STIMULATE ESTABLISHMENT OF A DOMESTIC TUNGSTEN METAL INDUSTRY, AS WELL AS A NEW POLICY ON GEMSTONES.

7. ACTION REQUESTED: THAT COPY OF GSA REPORT BE POUCHED TO CONGEN RIO AND THAT STATUS REPORT BE CABLED ON US QUARTZ CRYSTAL SUPPLY SITUATION.
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8. COMMENT: BOTH SANTINI AND LACERDA EXPRESSED CONCERN THAT ALTERNATE SOURCES TO BRAZILIAN SUPPLY OF LASCA ARE BEING DEVELOPED. NOW MAY BE OPPORTUNE TIME FOR US TO IMPRESS UPON GOB POTENTIALLY NEGATIVE EFFECTS CONTINUATION OF RESTRICTIVE QUARTZ CRYSTAL POLICY MAY HAVE ON ITS TRADITIONAL POSITION AS SOLE SUPPLIER TO WORLD, IF FACTS BEAR THIS OUT.
CRIMMINS

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